

AMENDED IN ASSEMBLY JANUARY 24, 2012

AMENDED IN ASSEMBLY JANUARY 4, 2012

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 523**

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**Introduced by Assembly Member Valadao**

February 15, 2011

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An act to amend Sections 44272.3 and 44272.4 of the Health and Safety Code, relating to ethanol.

LEGISLATIVE COUNSEL’S DIGEST

AB 523, as amended, Valadao. Ethanol: Alternative and Renewable Fuel and Vehicle Technology Program.

Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission (Energy Commission), to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that transform California’s fuel and vehicle types to help attain the state’s climate change goals. Existing law specifies certain alternative and renewable fuel projects to develop and improve alternative and renewable low-carbon fuels, including ethanol, are eligible for funding. Existing law, until July 1, 2013, establishes requirements for biorefiners to receive loans from the California Ethanol Producer Incentive Program.

This bill would provide that on and after July 1, 2013, the eligibility for funding of projects for the production of ethanol is limited to projects for the production of ethanol that are not derived from corn.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. The Legislature finds and declares all of the~~  
2     ~~following:~~

3     ~~(a) In 2001, only 7 percent of the corn raised in the United States~~  
4     ~~was used to produce ethanol. By 2010, 39.4 percent of the nation's~~  
5     ~~corn production was used for ethanol production. This redirection~~  
6     ~~in demand has lead to historic increases in the price of corn.~~

7     ~~(b) The use of corn for the production of ethanol has negatively~~  
8     ~~impacted food supplies, food prices, and agricultural industries~~  
9     ~~that provide more than 500,000 jobs for the people of California.~~

10    ~~(c) Ethanol derived from corn has been shown to have little~~  
11    ~~positive environmental impact and has hindered the development~~  
12    ~~of a new generation of clean technologies with true environmental~~  
13    ~~benefits.~~

14    ~~SEC. 2.~~

15    ~~SECTION 1.~~ Section 44272.3 of the Health and Safety Code  
16    is amended to read:

17    44272.3. (a) It is the intent of the Legislature that, to the  
18    maximum extent feasible, loan moneys provided by the state to  
19    refiners of biofuels, also known as biorefiners, be awarded so as  
20    to increase the efficiency and environmental sustainability of  
21    biofuel production.

22    (b) In order to reduce the carbon intensity equivalent value of  
23    the fuel that biorefiners produce, biorefiners receiving loans from  
24    the commission's California Ethanol Producer Incentive Program,  
25    established under the authority of this chapter, shall meet all of  
26    the following requirements:

27    (1) Within six months of acceptance to the program, biorefiners  
28    shall submit a draft plan to the commission that details one or more  
29    projects that can be undertaken at the biorefinery that are designed  
30    to achieve compliance with either of two biorefinery operational  
31    enhancement goals established by the commission.

1 (2) Within 12 months of acceptance to the program, biorefiners  
2 shall submit a detailed cost estimate for their target projects that  
3 can be undertaken at the biorefinery and that are designed to  
4 achieve compliance with the commission's enhancement goals.

5 (3) Within 24 months of acceptance to the program, biorefiners  
6 shall complete and obtain all of the necessary permits or negative  
7 declarations sufficient to allow the project to move forward with  
8 financing, major equipment purchases, and hiring if project  
9 approval is executed by the company's officers.

10 (4) Within 36 months of acceptance to the program, biorefiners  
11 shall obtain all of the necessary financing and initiate construction  
12 for their project associated with their elected enhancement goal  
13 pathway.

14 (5) Within 48 months of acceptance to the program, biorefiners  
15 shall complete all modifications to the facility and begin modified  
16 operations that achieve compliance with either of the enhancement  
17 goal pathways selected by the project applicant.

18 (c) This section does not limit the commission's ability to set  
19 more stringent guidelines for the California Ethanol Producer  
20 Incentive Program that further maximize the efficiency and  
21 environmental sustainability of biofuel production.

22 (d) This section shall become inoperative on July 1, 2013.

23 ~~SEC. 3.~~

24 *SEC. 2.* Section 44272.4 of the Health and Safety Code is  
25 amended to read:

26 44272.4. (a) Notwithstanding subdivision (d) of Section  
27 44272.3, on and after June 30, 2013, a biorefiner receiving loan  
28 moneys from the state pursuant to an appropriation made in the  
29 2010–11 or 2011–12 fiscal year shall comply with all conditions  
30 established pursuant to Section 44272.3 and shall demonstrate that  
31 compliance to the commission.

32 (b) On and after July 1, 2013, the eligibility for funding, pursuant  
33 to paragraph (1) of subdivision (d) of Section 44272, of projects  
34 for the production of ethanol is limited to ethanol that is not derived  
35 from corn.